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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Seligman Advisors, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

100 Park Avenue

(No. and Street)

New York, NY 10017

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Katherine Shetler

(212) 850-1672

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PriceWaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

1177 Avenue of the Americas

New York, NY 10036

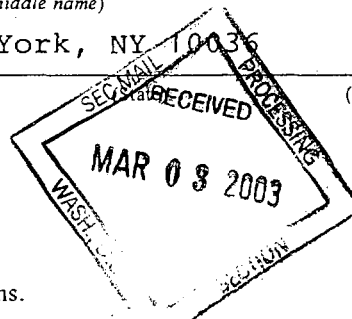
(Address)

(City)

(Zip Code)

CHECK ONE:

- ☐ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.



PROCESSED

MAR 19 2003

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FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Katherine Shetler, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Seligman Advisors, Inc., as of December 31, 20 02, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

Treasurer

Title

Notary Public

JANICE CARTER  
Notary Public, State of New York  
No. 31-4944648  
Qualified in New York County  
Certificate Filed in Kings County  
Commission Expires November 28, 20 06

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

- x Supplemental Accountants' Report as per 17a-5.
- x Statement of Exemption from Rule 15c3-3.

# **Seligman Advisors, Inc.**

(A wholly-owned subsidiary of  
J. & W. Seligman & Co. Incorporated)  
Statement of Financial Condition  
December 31, 2002

### Report of Independent Accountants

To the Board of Directors  
and Stockholder of  
Seligman Advisors, Inc.:

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Seligman Advisors, Inc. (the "Company") at December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

Seligman Advisors, Inc. is a member of a group of affiliated companies and, as disclosed in the notes to the statement of financial condition, has extensive transactions and relationships with members of the group. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

*PricewaterhouseCoopers LLP*

February 25, 2003

**SELIGMAN ADVISORS, INC.**  
(a wholly-owned subsidiary of  
J. & W. Seligman & Co. Incorporated)

**STATEMENT OF FINANCIAL CONDITION**

December 31, 2002

(Dollars in thousands)

**ASSETS**

Cash and cash equivalents	\$19,725
Distribution and service fees receivable	3,204
Receivable from affiliates	696
Deferred commissions (net of reserve of \$171)	1,180
Investments, at market value (cost - \$1,195)	664
Furniture, equipment, fixtures and leasehold improvements (net of accumulated depreciation of \$2,264)	574
Deferred income tax receivable	12
Other assets	<u>557</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$26,612</u></u></b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:	
Distribution and service fees payable	\$8,603
Payable to affiliates	3,342
Accrued compensation	1,606
Accounts payable and accrued expenses	<u>2,161</u>
Total Liabilities	<u>15,712</u>
Stockholder's equity	<u>10,900</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u><u>\$26,612</u></u></b>

See notes to statement of financial condition.

**SELIGMAN ADVISORS, INC.**  
(a wholly-owned subsidiary of  
J. & W. Seligman & Co. Incorporated)

**NOTES TO STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2002

Note 1 - Organization and Summary of Significant Accounting Policies:

Seligman Advisors, Inc. (the "Company") is a wholly-owned subsidiary of J. & W. Seligman & Co. Incorporated ("Seligman"). The Company primarily acts as the exclusive distributor for the open-end investment companies in the Seligman Group ("Investment Companies"). The Investment Companies offer Class A, B, C, D and I shares which are distinguished by the amount and timing of sales charges and distribution and service fees paid by the Investment Companies or their shareholders. The Company's distribution services are performed pursuant to distribution agreements under which the Company, where applicable, receives distribution concessions net of commissions paid to dealers for distribution of the Investment Companies' shares.

Distribution concessions and related commissions paid to dealers for sale of Class A shares of the Investment Companies, which are sold with a front-end sales charge, are recorded on a trade date basis.

Deferred commissions represent a portion of the amounts paid to dealers for the sale of Class C shares of the Investment Companies and all of the amounts paid to dealers for the sale of Class D shares of the Investment Companies. Such amounts are recorded on a trade date basis and are amortized over a twelve-month period as the related distribution and service fees are earned from the Investment Companies or contingent deferred sales charges are received. The portion of deferred commissions relating to Class C shares that is not expected to be recovered from future distribution and service fees or contingent deferred sales charges are charged to expense.

Distribution and service fees payable represent amounts payable to dealers for distribution assistance and for continuing services rendered to Investment Company shareholders, and are paid subject to the collection of distribution and service fees receivable from the Investment Companies.

The Company's cash and cash equivalents consist of funds on deposit in accounts with commercial banks and shares of Seligman Cash Management Fund, Inc. ("Management Fund").

Furniture, equipment and fixtures are depreciated using an accelerated method over periods of five to seven years. Leasehold improvements are amortized on the straight-line method over the remaining life of the lease.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Statement of Financial Condition. Actual results could differ from those estimates.

**SELIGMAN ADVISORS, INC.**  
(a wholly-owned subsidiary of  
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**NOTES TO STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2002

Management estimates that the fair value of financial instruments recognized on the Statement of Financial Condition approximates their carrying value, as such financial instruments either are short term in nature or are carried at market value.

As more fully disclosed in footnote 3, the Company has various agreements with affiliated entities relating to reimbursements for distribution services, marketing, and related costs. The accompanying financial statements may not be indicative of the financial condition for the results of operations if the Company had been operated as an unaffiliated entity.

Note 2 - Sale of Future Cash Flows:

The Company has agreements (the "Agreements") with third parties (the "Purchasers") pursuant to which the Company sells, on a continuous basis, its rights to collect (i) a substantial portion of the distribution fees payable by certain Investment Companies with respect to their Class B shares and (ii) any contingent deferred sales charges imposed upon shareholders redeeming Class B shares of such Investment Companies. The Purchasers have the exclusive right and, subject to certain conditions, the obligation to purchase such future cash flows from the Company for Class B shares. The Company does not record in its financial statements the distribution fees paid by the Investment Companies or the contingent deferred sales charges paid by shareholders that have been assigned to the Purchasers pursuant to the Agreements.

Note 3 - Related Party Transactions:

The Company has a Sales Agreement and a related Administration, Shareholder Services, and Distribution Agreement with an affiliate, Seligman Services, Inc. ("Services"). Services is a limited purpose broker-dealer that answers inquiries from shareholders with respect to and sells (acting as agent) shares of the Investment Companies to shareholders that do not have a broker-dealer of record, and, in connection therewith, provides shareholder liaison services to such shareholders. The Company pays Services sales commissions and, with funds obtained from the Investment Companies, distribution and service fees pursuant to these agreements. However, because the Company incurs the vast majority of marketing and related costs to promote the sale of Investment Company shares sold by Services, Services, subject to certain limitations, pays its monthly pretax income to the Company.

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**NOTES TO STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2002

Seligman provides the Investment Companies with investment management and administrative services pursuant to management agreements under which Seligman receives management fees. In recognition of the benefits derived by Seligman from the distribution and marketing services provided by the Company, Seligman has an agreement with the Company whereby the Company is reimbursed for its net cost, as defined, of performing such services, after deducting the amount received from Services.

Seligman International, Inc. ("International"), an affiliate of the Company, and its branches and subsidiary act as marketing representatives of certain of the Investment Companies distributed by the Company outside the United States. The Company may earn distribution concessions or other fees from sales of such Investment Companies, and Seligman earns management fees from managing the operations and investments of such Investment Companies. In recognition of the benefits derived by the Company and, indirectly, by Seligman from the services provided by International and its branches and subsidiary, the Company has entered into Services Agreements with International and its branches and subsidiary pursuant to which it reimburses those entities for their net costs, as defined in their respective Services Agreements with the Company, of performing such services plus a mark-up of up to ten percent of such net costs.

Cash equivalents at December 31, 2002 include 19,240,903 shares of the Management Fund, having a net asset value of \$1.00 per share.

Investments represent shares of certain Investment Companies, which are valued at net asset value.

Payable to affiliates primarily represents amounts received in excess of the reimbursement of distribution services from Seligman. Receivables from affiliates represents expenses paid by the Company on behalf of International.

Certain directors and/or officers of the Company are also directors and/or officers of Seligman, Services, International and the Investment Companies.



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**NOTES TO STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2002

Note 4 – Furniture, Equipment, Fixtures and Leasehold Improvements:

Furniture, equipment, fixtures and leasehold improvements consist of the following at December 31, 2002:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Cost</u>
Furniture & equipment	\$108,401	\$102,126	\$6,275
Computer equipment	2,224,003	1,894,509	329,494
Leasehold improvements	225,085	124,079	101,006
Software	280,082	142,833	137,249
Total	<u>\$2,837,571</u>	<u>\$2,263,547</u>	<u>\$574,024</u>

Note 5 - Employee Benefit Plans:

Substantially all employees of the Company are included in Seligman's defined contribution plan (the "Plan"). Under one feature of the Plan, Seligman, at its option, may contribute up to 15 percent of employees' base compensation which is fully vested to the employees. Under a second feature of the Plan, Seligman matches contributions made by participating employees up to 3 percent of their salaries. Eligible participants become vested in Seligman's contributions 33 1/3 percent after one year, 66 2/3 percent after two years and 100 percent after three years. Participants invest all contributions not taken in cash in funds, which invest solely in the Investment Companies.

Note 6 – Income Taxes:

Seligman has elected to treat the Company as a qualified subchapter S subsidiary. The Company is included in the federal and state S Corporation income tax returns and the combined local income tax return of Seligman. No federal tax provision is required as the taxes are borne by Seligman's stockholders. The Company computes its income tax provision on a separate company basis in accordance with a tax sharing arrangement between members of the Seligman group.

Deferred taxes are provided primarily for deferred commission expenses, which are recognized in different periods for financial reporting and income tax purposes.

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**NOTES TO STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2002

Note 7 – Commitments and Contingencies:

The Company is subject to legal actions in the ordinary course of business. Management of the Company after consultation with its legal counsel, believes that the ultimate resolution of any pending litigation matters should not have any material adverse effect on the Company's financial position.

Note 8 - Net Capital Requirement:

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$6,050,709, which exceeded the minimum required net capital of \$1,047,497 by \$5,003,212, and the ratio of aggregate indebtedness to net capital was approximately 2.597 to 1.